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FM AMEMBASSY SOFIA  
TO RUEHC/SECSTATE WASHDC PRIORITY 4583  
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE  
RUCPDO/USDOC WASHDC

UNCLAS SECTION 01 OF 02 SOFIA 001365

SIPDIS

STATE FOR USTR LMOLNAR, JCHOE-GROVES  
STATE FOR EB/IPE JURBAN, SWILSON, JBOGER AND EUR/NCE MTURNER

COMMERCE FOR SSAVICH

SENSITIVE  
SIPDIS

E.O. 12958: N/A

TAGS: [ECON](#) [KIPR](#) [BU](#)

SUBJECT: BULGARIA: IPR UPDATE

1. (SBU) Summary: Bulgaria continues to make progress on IPR after being removed from the Special 301 List in 2007. The GOB's highly effective inter-agency IPR Council continues to perform well. The Cyber Crime Unit of the Ministry of Interior continues to take proactive measures against internet piracy. The Ministry of Culture has increased its copyright inspections of entertainment establishments five-fold. The Department of Justice's Intellectual Property Law Enforcement Coordinator (IPLEC) for Eastern Europe, based in Sofia, arrived in November and is working closely with GOB officials on IPR enforcement -- the weakest link in Bulgaria's IPR regime. End Summary.

IPR COUNCIL BACK TO WORK  
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2. (SBU) The GOB's intergovernmental IPR council is charging ahead after a summer hiatus following the resignation of the council's chair, Deputy Minister of Culture Ina Kileva, in May. The Council's productive work, along with Ms. Kileva's strong personal effort, were instrumental in Bulgaria's removal from the Special 301 List in April. The new Deputy Minister of Culture is Yavor Milushev, a former actor and MP from the party of former king Simeon (NMS), a governing coalition partner. Milushev has experience in ushering IPR legislation through parliament, and, as one of Bulgaria's most famous actors, boldly touts his affinity for the IPR cause. With Mr. Milushev at the helm, for the first time since the Council was established in January 2006, the U.S. Embassy has been invited to attend IPR Council meetings as an observer.

INTERNET PIRACY A PRIORITY  
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3. (SBU) In a widely-publicized case last March, the Ministry of Interior's Cyber Crime Unit, led by the professional and energetic Yavor Kolev, raided the offices of four major torrent sites in Bulgaria that were providing platforms for peer-to-peer (P2P) sharing of music, films and software. Since the closure of these sites, police statistics show a dramatic decrease in the uploading of new content from Bulgarian-based sites. The police and the Investigation Service of the Ministry of Justice have launched investigations of the owners of the sites bol.bg, data.bg, zamunda.net, and arenabg.com. Our contacts at the Ministry of Interior tell us that the torrent sections of bol.bg and data.bg are no longer in operation. The torrent site of zamunda.net continues to operate, hosted by a Dutch server and registered under a Syrian name. The torrent site of Arenabg.com continues operation, but until recently was located in Texas.

4. (SBU) Yavor Kolev tells us that with the closure of the large torrent sites listed above, his Cyber Crime Unit is now focused on combating smaller-scale Internet Service Providers (ISPs). A total

of 23 Tera Bytes (equivalent of 38,000 CDs) were seized between October 18 and November 28, 2007, when police raided the offices of three local ISPs in Sofia and Bansko (Southwest Bulgaria). Police launched investigations against all three owners.

#### COPYRIGHT ENFORCEMENT GAINS PACE

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15. (SBU) The Ministry of Culture increased five-fold its inspections of cafes, retail establishments and computer halls in October and November. Inspectors are checking whether contracts for use of copyright products are in place and whether owners have paid required fees. To further strengthen contract enforcement, the Ministry of Culture is planning to meet with importers and producers of copyrighted products to design an effective mechanism for payment of copyright fees. The Ministry of Economy and Energy held a similar IPR strategy session with industry and foreign government representatives on December 10. In addition, a proposed change to the copyright law will identify more clearly the roles of the organizations for collective management of rights, voluntary membership organizations of authors and producers, and their involvement in the fee collection. Finally, according to our contacts, by the end of 2007 the Council of Electronic Media (CEM) - the government's regulatory authority - will check all radio stations and TV channels across the country to ensure they have in hand signed contracts for playing music and other copyrighted material.

#### RAIDS AND SEIZURES CONTINUE

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16. (SBU) The Economic Police at the Ministry of Interior reported they seized 28,000 pirated optical disks (ODs) and 4,000 magnetic disks between June 1 and October 30, 2007. In the last 3 years the

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Economic Police tracked down five DVDR and CDR production facilities, with the latest successful raid in the town of Pomorie (South Black Sea) in August, 2007. In November, the Customs Administration seized over 2000 illegally imported copies of the Windows operating system. From January to October 2007, the Customs Administration seized over 1,300 counterfeited goods for violation of industrial property rights (logo, brand name, etc.), in comparison to a total of only 300 counterfeited goods seized in calendar year 2006.

#### CHALLENGES REMAIN

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17. (SBU) The local IFPI representative office has informed us that three of the nine operating CD/DVD production facilities have refused industry representatives access to their plants. When we raised this issue in November, Deputy Economy and Energy Minister Lachezar Borissov said that new legislation would have to be drafted in order to even make it legally possible for industry representatives to accompany Economy Ministry officials on their inspections. Borissov said that his Ministry performs one inspection approximately every 15 days (for a total of 20 from January to October, 2007) and they have not found any new illegal production, although they do discover administrative violations from time to time.

18. (SBU) The most serious concern on the IPR front is enforcement. Our industry contacts complain that certain Ministry of Justice investigators and prosecutors consistently cause unreasonable delays during pre-court investigations. The majority of IPR cases are still stuck in the pre-court phase or are argued against "an undisclosed perpetrator," although the police claim that they have enough evidence to bring cases against specific individuals. In addition, judges need to be educated and convinced of the importance of deterrent sentences issued for IPR offenders. Fortunately, the U.S. Department of Justice's Intellectual Property Law Enforcement Coordinator for Eastern Europe, who is based in Sofia, arrived in November and is beginning to work with GOB officials to enhance their capability to prosecute IPR crime.

19. (SBU) Comment: Bulgaria continues to improve its IPR regime

following its removal from the Special 301 Watch List in 2007. Our industry contacts tell us they consider the IPR situation in Bulgaria relatively stable, although there is much work still to be done. With the new DOJ IPLEC now in place, we are well positioned to assist Bulgaria in the area where it needs help the most -- enforcement.

BEYRLE